Implications for the Forest Legacy Program

Two aspects of private lands and private landowners highlight the importance of the Forest Legacy Program in Idaho. First, the steady rise in the percentage of timber cut each year from private lands implies that any reduction in the amount available from that source could contribute to the closure of more mills in Idaho. The Forest Legacy Program's goal of reducing conversions of forest lands to nonforest uses will help maintain "working forest landscapes" that will support a viable forest industry in the state.

Despite a significant number of landowners who doubt that they will ever sell timber, the evidence would indicate otherwise. It would be very rare indeed to find a parcel of nonindustrial land where some past cutting has not taken place, and substantial volumes are cut each year from this ownership. Even if a particular landowner has no plans to harvest timber, forest health considerations or a change in ownership can easily cause a change in that objective. Private nonindustrial lands play a major role as a source of timber within the state and will likely continue to do so.

Second, nonindustrial landowners, particularly, value all that their forests provide in addition to timber. In fact, it is the loss of the non-timber values that is most often cited as the reason for not harvesting timber. Given some reluctance to harvest timber in order to protect those scenic, recreational and wildlife values, it would seem that there would be an equal reluctance to see these values lost through development of the land. On the other hand, Drs. Force and Lee found that 28 percent of the landowners viewed their lands as an investment and 15 percent of all landowners (25% of smaller landowners) did indicate that they would likely sell at least part of their lands within five years. This would argue that nonindustrial landowners are motivated by money. To the extent this is true; increasing land values would be an enticement to monetize the value of nonindustrial forestlands. The Forest Legacy Program, however, would allow landowners to achieve a significant portion of that value while still meeting their clear goals of protecting all the other values.

Demographic and Economic Trends and Their Implications for Land Use

2007 Update:

Idaho has continued its rapid population growth and is currently the third fastest growing state in the nation with an annual rate of 2.4% and a 2007 estimated population of 1,498,000. This represents a 12% increase from the 2002 population of 1,342,000. Growth has continued to be concentrated in the urban counties and resort areas. *(Source: US Census Bureau)*

Housing starts over the 2002-2007 time period have averaged 18,600 per year for a total of nearly 100,000 new units in 5 years. Housing prices have continued to accelerate at a rapid pace with an average appreciation of 42% over the 5 year time period.

This dramatic growth, built on 28.5 percent growth in the 1990s, has combined with favorable business conditions and an unparalleled quality of life to produce one of the strongest state economies in the nation. Construction, retail and services have expanded to meet the demands of

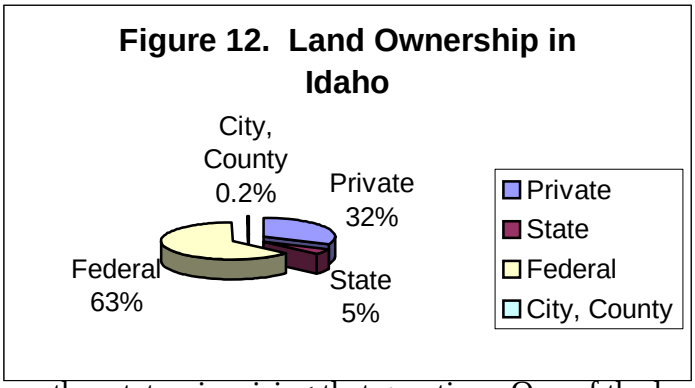
the growing population. Manufacturing and high technology are taking advantage of the quality work force and helping the state generate jobs at one of the fastest paces in the country. Increases in personal income and gross state product have exceeded those of almost every other state.

Idaho's economy is projected to generate jobs at an annual 2 percent growth rate through 2014, about twice as fast as jobs will grow nationally. *(Source: Idaho Dept. of Commerce)*

Land use implications of this continued rapid growth include an ever increasing demand for land available for subdivision, loss of open space, increase demand for recreation, loss of wildlife habitat, and loss of working natural resource base.

Clearly as society progresses, land uses will necessarily change. Cities and home must be built, the population has transportation needs, forests are cleared and wetland areas drained for agriculture and their streams realigned or controlled. At the time of each change, someone, probably most people, believed these changes to be necessary and good. Only when society reaches a relative level of affluence—much of which is the result of past land use decisions—can the question of "how much" can be raised.

Figure 12. Land Ownership in Idaho



Idaho, like many other states, is raising that question. One of the larger states in terms of land mass, Idaho has always had "room to grow", and with about two-thirds of the state in public ownership where there is no foreseeable potential for residential or urban development it would seem that the state will always retain its rural character. The other side of that argument, though, is that since so much of the state is in public ownership, all the growth and development must be accommodated on the relatively small amount of privately owned land. Therefore, even in a large state like Idaho, the question of how much of that land should be developed and how much should remain in traditional uses is as intense as it might be in a smaller more populated state where most of the land is privately owned.

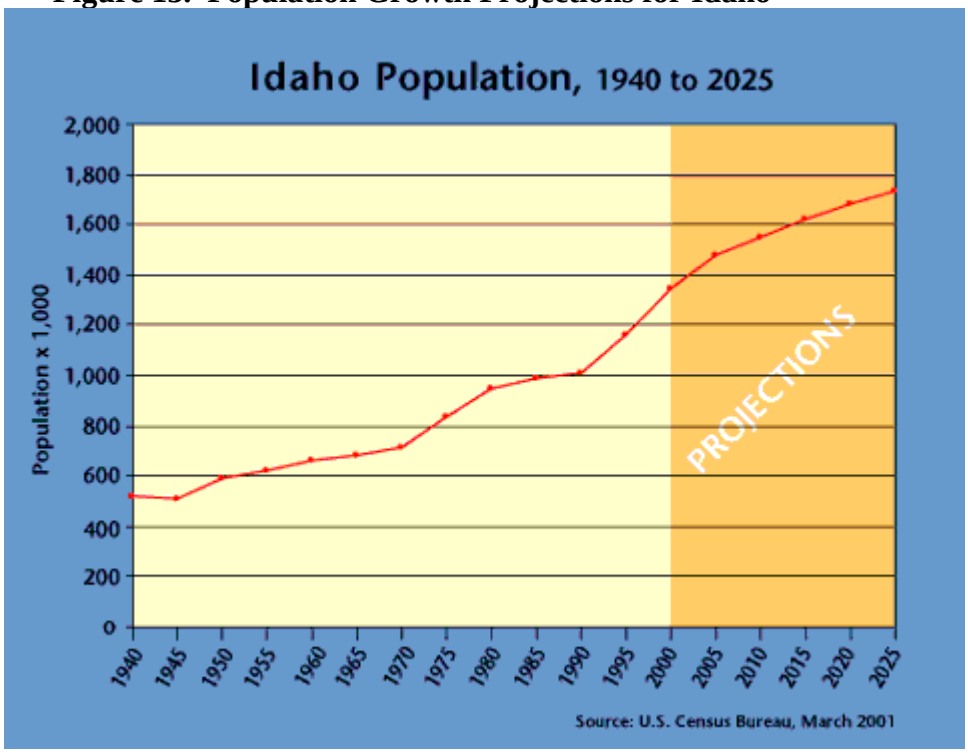
Four basic demographic and economic trends in Idaho are combining to make rural forested lands more attractive for uses that would convert them from either forests or change the uses for which they have traditionally been managed. They are:

1. Growth in population, particularly in the urban areas of the state,
2. A decline in the traditional agriculture and forest products sectors of the economy relative to the rest of the state's economy, and,
3. An influx of part time residents or recreational visitors to rural areas of the state.

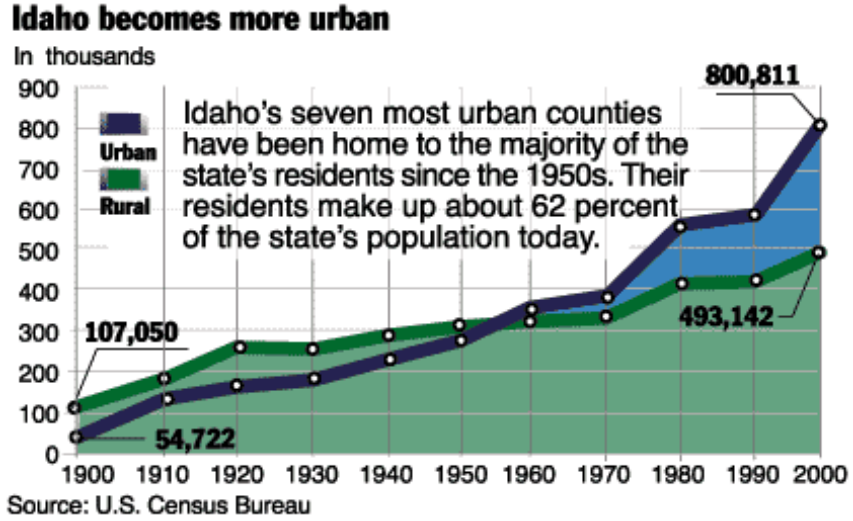
Population Growth

According to the 2000 census, Idaho gained 287,219 people during the decade 1990-2000, for a 28.6% increase and leaving the state with a total population of 1,293,953. This made Idaho the fifth fastest growing state in the nation, and Ada County was one of the fastest growing counties in the country *(Center for the American West, 2001)*. It is to be noted that Idaho grew more slowly than most other western states until the 1990's; so most of the growth occurred during the last half of that decade and at a rate that exceeded those of the other western states. About half the state's total population growth has been in the past 30 years, with an additional 475,000 people since 1970 *(Idaho Dept. of Commerce)*.

Figure 13. Population Growth Projections for Idaho



The Center for the American West's "Western Futures" project estimates that over the next quarter century, Idaho will gain approximately another 450,000 people. As noted elsewhere in this report, such a growth in population poses two challenges in terms of private forestlands that might be converted to other, nonforest uses. The first is that urban and suburban areas will inevitably grow, and to the extent that those areas are within forested landscapes, forestlands will

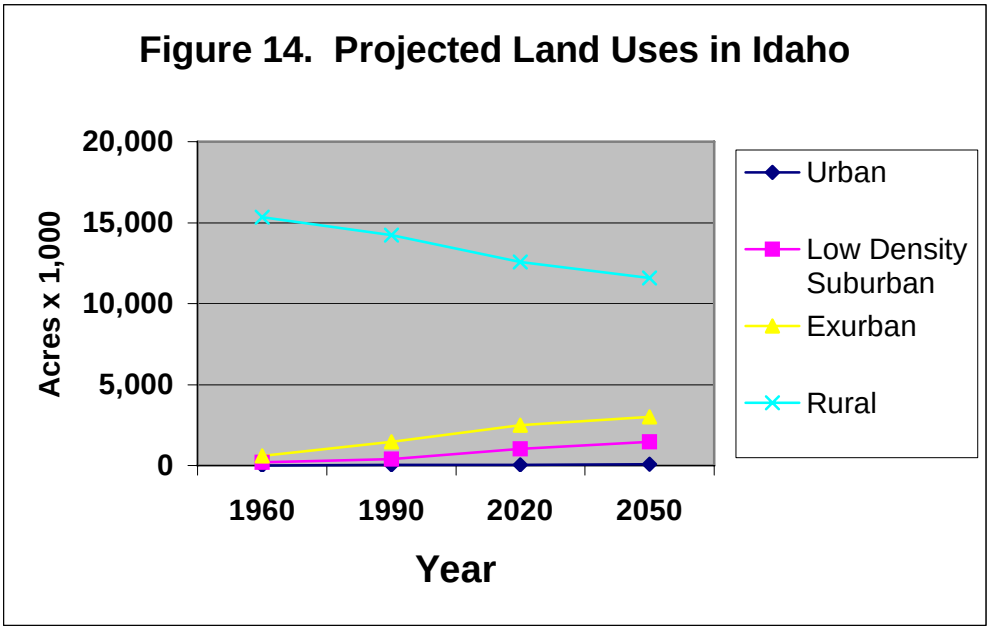


yield to that growth and be developed. Such trends are already evident around Sandpoint, Coeur d'Alene, and Moscow. As noted by the Idaho Statesman in its November 2001 series "Rural Idaho: Challenged to Change", two-thirds of the state's population now lives in Idaho's seven most urbanized counties (Figure 15).

The second challenge is that some percentage of the additional people will be both affluent and wanting to take advantage of the amenities and lifestyles of Idaho's rural, forested areas, even if only on weekends and vacations. So, lands that might have otherwise remain forested will become highly valuable for recreational home sites, a trend that has been evident in many areas of the state for a number of year, most notably in the Northern Panhandle, the Clearwater Valley, around McCall, in the Bear River area and throughout the Northeast area.

Dr. David M. Theobald of Colorado State University has developed a model that is based on census data and which predicts future residential densities of lands throughout the West *(Center for the American West, 2001)*. Dr. Theobald's work identifies four densities of residential development: (1) "urban" with population densities of more than 1,000 people per square mile or 2 housing units per acre, (2) "suburban", with 0.1-0.5 units per acre, (3) "exurban" where residential densities range from one unit per 10 to 40 acres ("ranchette" developments) and, (4) "rural" with working farms and ranches occur at densities of one residence per 40 acres or more.

Through this model, the Center for the American West's "Mapping Development" project projects that from 1990 to 2050 rural lands with residential densities of less than one residence per 40 acres will have decreased by 19 percent to accommodate the growth of urban, suburban and exurban areas. This translates into a conversion of 2.64 million acres of rural lands.

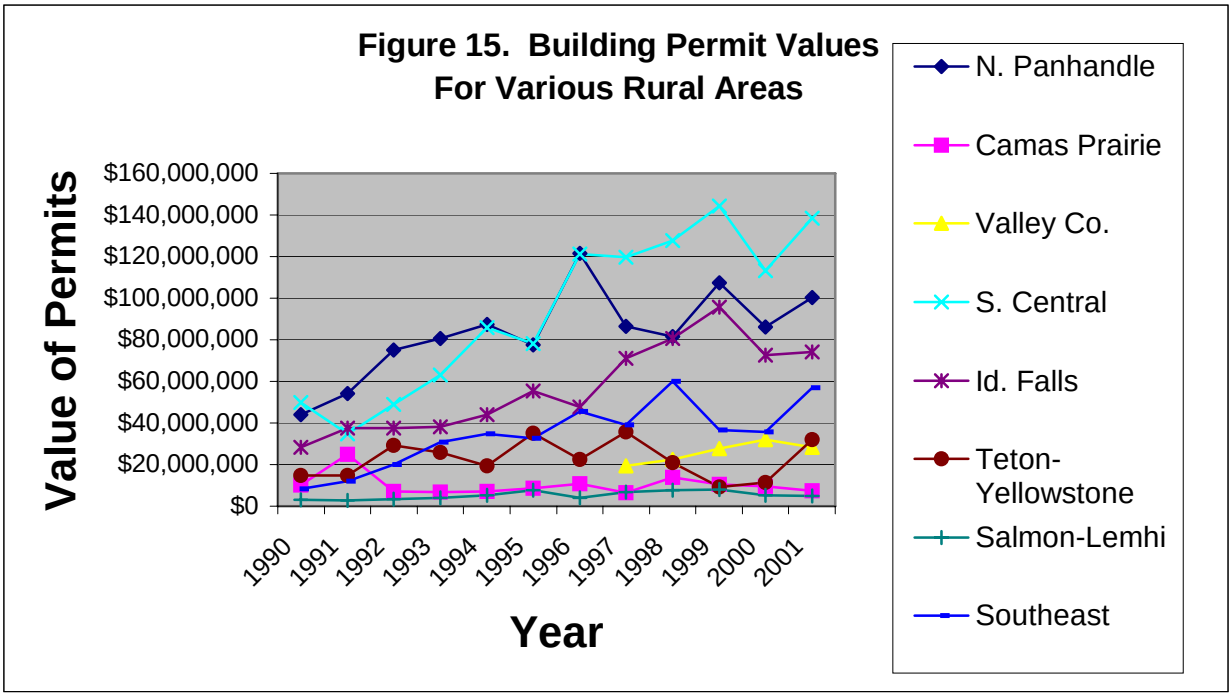


Source: Center for the American West
(Note: No updates available 2007)

While the Center makes no projection on how much of this land will be forested, it is clear that some portion of it will be. Unfortunately, definitive data on the impacts that population growth and its attendant demand on rural, forested lands is hard to come by, although the Center's maps of projected areas of growth in Idaho (Figure 16) provide some indication. Clearly, land is being converted to nonforest uses and the trend seems to be increasing, although perhaps not at the same pace that the state's population is increasing. In 1998, the Natural Resource Conservation Service estimated that conversions of forestland to nonforest uses took place at the rate of 2,210 acres per year during the ten-year period 1982-1992 (when the population was increasing at 10,630 people per year) and then increased to 2,840 acres per year from 1992 to 1997 (while population increased 31,367 per year).

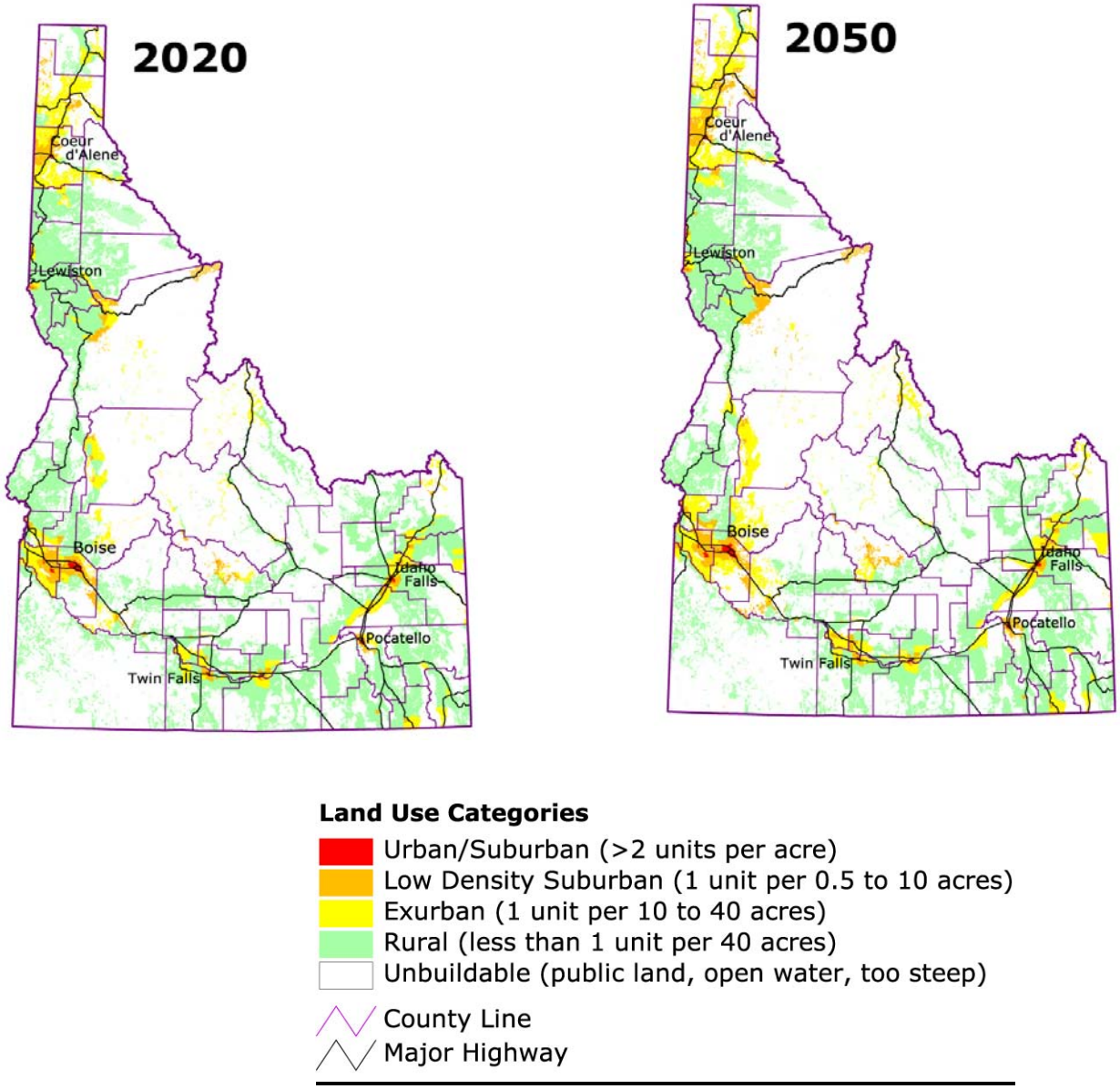
During the fifteen-year study period (1982-1997), urban land grew by 37 percent, rising from 550,200 to 754,900 across the state *(NRCS, 2001)*. While obviously not all the land newly devoted to urbanization was forested, some portion of the lands in Idaho's Forest Legacy Areas clearly was, perhaps a significant portion. In addition, during the same period 6,700 acres of forested lands was converted to "farmsteads" and 2,700 acres lost to roads and permanent transportation structures *(NRCS, 2001)*.

A final clue into the past conversion of rural forested lands into nonforest uses lies within the value of new construction in rural areas of the state. While there are some obvious gaps in the data presented in Figure 17 (for example, there is little data for the McCall area), the trends illustrated in the graph clearly show rising construction values in most rural areas. Appendix II presents this data in tabular form.



(Source: Idaho Dept. of Commerce from Wells Fargo Bank reports)
(Note: No updates available 2007)

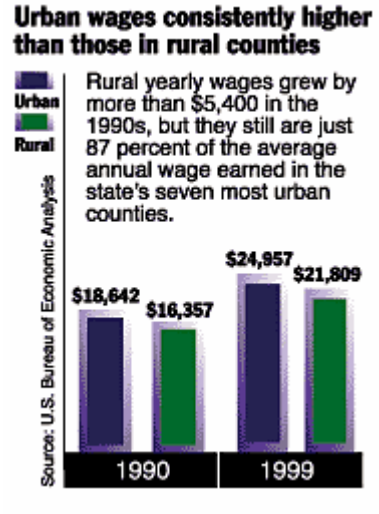
Figure 16. The Center for the American West Projected Growth Areas



Changes in Idaho's Economy

Over the last quarter of the past century, Idaho experienced economic and demographic trends common in more populous areas of the country for at least a hundred years prior - more people moved off the land and to the cities and non-farm jobs claimed an increasing share of the overall economy. During this period, Idaho saw a 143% increase in nonfarm employment (299,300 new jobs), while agricultural employment decreased by 21%, a loss of approximately 9,100 jobs.

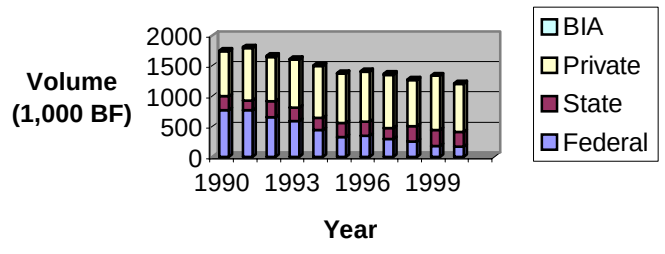
As reported in the Idaho Statesman's series on "Rural Idaho" *(11/2001)*, not only has rural Idaho lost population to urban areas, the contribution of urban wage earners to the state's economy has increased. In 1990, wages in rural and urban areas were nearly equal. By 2000, wages paid to urban workers were over $3,000 more than for their rural counterparts.



Perhaps nowhere is the change in Idaho's economy from agriculture or natural resource based, rural jobs to light manufacturing and service jobs in urban areas more evident than in the state's forest products industry. A short decade ago, virtually no could have - or did - predict the rapid changes in employment in Idaho's timber regions and the changes in the structure of the forest products industry in the state. Fueled by both reductions in national forest timber offerings and reduced demand and prices for wood products, 36 mills permanently closed during the period 1989-2001, with 2,236 timber workers losing their jobs *(Ehinger and Associates, 2001)* (figure 8).

The Idaho Department of Commerce notes that in the 1970's timber industry employment peaked at almost 20,000 jobs. Current estimates are that there are approximately 12,000 timber workers in the state. While market conditions and increases in productivity undoubtedly account for some of the job losses, the sharp declines in timber sales from the national forests in the state have taken a severe toll. Timber from those lands—the largest ownership of timber in Idaho—has declined 77 percent from the peak years *(Idaho Statesman, 11/01)*.

Figure 17. Total Timber Harvests In Idaho, 1990-2000



(Source: USDA, Forest Service)

Table 11 shows the impact of those closures in each of the counties with sawmills in Idaho's Forest Legacy Areas. The table also shows that, relative to other parts of the state, the "timber counties" have not fared well, economically, with both unemployment rates and poverty levels above the statewide averages in the three Forest Legacy Areas where timber has been a traditional economic force. It should be noted that such other factors as reductions in the mining industry also contributed to high unemployment in these counties. However, Figure 17, which highlights total timber harvests, by ownership, across the state, implies the strong relationship that one would expect between employment in the lumber industry and timber harvest levels.

Table 11. Unemployment and Poverty in Idaho's Forest Legacy Areas

	Unemployment, 1989	Unemployment, 1999	% Change	Percent of People Below Poverty Level, 2000
Boundary	5.4	9.2	70.4	16.5%
Bonner	7.4	9.6	29.7	15.2%
Benewah	8.1	12.4	53.1	14.4%
Kootenai	6.2	8.1	30.6	11.5%
Shoshone	8	11.3	41.3	20.1%
Northern Panhandle Totals	**7**	**10.1**	**45**	**15.5%**
Clearwater	9.3	13.5	45.2	14.9%
Latah	3.2	3.3	3.1	13.5%
Lewis	4.9	6.7	36.7	15.2%
Nez Perce	4.2	3.9	-7.1	12.8%
Idaho	6.5	10.8	66.2	17.6%
Central Totals	**5.62**	**7.64**	**28.82**	**14.8%**
Adams	11.7	14.9	27.4	14.6%
Boise	7.6	7.3	-3.9	11.3%
Elmore	5	6.5	30	12.7%
Owyhee	4.3	4.3	0	21.4%
Valley	6.8	9.5	39.7	13.8%
Washington	8.2	8.2	0	18.4%
Southwest Totals	**7.3**	**8.45**	**15.5**	**15.4%**
Camas	5	4.2	-16	7.4%
Blaine	4	3.8	-5	7.5%
Cassia	7	6.9	-1.4	15.4%
Twin Falls	4.8	4.9	2.1	14.1%
South Central Totals	**5.2**	**4.95**	**-5.1**	**11.1%**
Bannock	6.5	5.2	-20	13.9%
Bear Lake	6.6	4.5	-31.8	13.4%
Bingham	6.8	5	-26.5	14.7%
Caribou	4.9	6	22.4	9.6%
Franklin	3.3	3.5	6.1	12.5%
Oneida	3.6	4.1	13.9	12.8%
Power	9	7.2	-20	17.8%
Southeast Totals	**5.8**	**5.1**	**-7.9**	**13.5%**

Bonneville	4.4	3.6	-18.2	12.2%
Butte	4.8	3.9	-18.8	15.4%
Clark	5.9	3.5	-40.7	12.4%
Custer	4.5	8.2	82.2	12.1%
Fremont	7.3	6.9	-5.5	14.4%
Lemhi	6.3	7.9	25.4	15.8%
Madison	5.1	2.6	-49	15.3%
Teton	5.1	3.5	-31.4	9.7%
Northeast Totals	**5.4**	**5**	**-7**	**13.4%**
Statewide Totals	***5.1***	***3.3***	***-35.3***	***13***

The graphs and tables for the forest industry and the people it employs tell other stories, as well as the obvious. First, while lumber employment has declined and mills have closed, the industry remains an important part of Idaho's economy, particularly in the areas where mills remain in business. Second, reductions in federal timber sales have resulted in increasing harvests from private timberlands. This implies that those mills remaining in the state will need to continually rely on private timberlands (assuming no significant change in the federal timber sale program) if they are to remain in business.

The combination of increased demand on rural forested lands for residential and recreational home sites coupled with increased reliance on private timberlands to support the state's remaining forest industry underscores the importance of the Forest Legacy Program in Idaho. One objective of the program is to limit conversions of these important forestlands to other uses and to help maintain the economic benefits that the forest industry continues to provide in some areas of the state.

Demand for Less Tangible Forest Values

A final trend that is creating new demands for Idaho's privately owned forestlands is grounded both in the increase in population and the change in the state's economy. Increasingly, Idaho's urban residents as well as people from outside the state want to own a part of these lands, in large part as a site for a recreational home. Again, data is scarce regarding the purchase of lands for this purpose. However, the trend is clearly visible as one travels through such areas as the Bear River Valley, around Coeur d'Alene or Sandpoint, from McCall to Boise and in the Island Park area.

Consider excerpts from two actual advertisements for lands for sale in the Central Forest Legacy Area. Both areas have high wildlife values and could be a part of a "working forest" landscape, and both have values for anadromous fisheries. Both are now also, as evidenced by the ads, candidates for developments, likely to be recreational subdivisions.

> *"Beauty Creek Estates (not the real name) is comprised of twelve parcels of land averaging 16.6 acres each…Here there are hundreds of miles of pristine rivers and streams teeming with trout…Five rivers have been designated as part of the Wild and Scenic River System..This is a recreationists paradise!…The sight of Bald Eagles "fishing" the local rivers during the winter provides an unforgettable thrill…Idaho County has wilderness—lots of it! Almost half of the Nez Perce National Forest's 2.2 million acres has been*

designated…Thousands of trees have been planted to enhance the aesthetics of the native forest and to provide wildlife corridors…the land continues to be treated with loving care."

Marketing of these tracts of land seem to be targeted toward retirees or others who might enjoy the "limited government" and low taxes of the area. Prices for the remaining tracts to be sold averaged $4,640 per acre, making the entire original 200-acre ownership worth approximately just under $ 1 million.

The second partial of land targets a purchaser with either enough money for a private hunting preserve or someone desiring to purchase an existing outfitting business. It was described in Inc., "The Magazine for Growing Companies."

"An operating ranch in hunting and fishing heaven: 105 private Idaho acres…surrounded by the biggest U.S. Wilderness Area in the lower 48…expeditions for deer, elk, steelhead generate 70% of the ranch's revenues, the balance comes from guests for horseback riding, river floating or relaxing in rustic, cozy cabins…There aren't many such properties left in America…the seller suggests the purchase price could constitute a real estate play, too; 70 of the ranch's acres could be subdivided…Price $2.5 million."

Both of these actual examples share commonalities. They each use recreation, wildlife and wilderness values as marketing tools. They also are either the product of or anticipate future subdivisions of the original property. Both target affluent buyers and both are heavily promoted to an out-of-state market. Finally, both will undoubtedly change the habitat for wildlife and the very values that the sellers are exploiting, once the lands are sold and the new owners either subdivide the land or build on it.

This is a trend that is being repeated, not only in Idaho but also throughout the West. In these cases, recreational and wildlife values were being emphasized as major selling points. In eastern Idaho, near the Wyoming border, the situation is slightly different. There, instead of buyers seeking to "buy" a share of the area's environmental values, new residents are drawn there because of the existence of affordable private land and the ability to live there and commute to nearby Jackson Hole. As reported in the fall, 2001 issue of Programs and People: The U of I College of Agriculture Magazine, Mel Coulter described Idaho's and neighboring Wyoming's Teton Counties:

"The key difference between the two counties is the availability of private land for development. New homes—made of logs or rough-hewn lumber—spring from agricultural land like new potatoes…in the mid-1970's there were only two formal subdivisions…Today there are more than 100, land values have skyrocketed…manufactured homes, planted on a two and one-half acre plot, commonly carry a price tag of $150,000 or more."

The implications of these examples for Idaho's privately owned forestlands are obvious - it is becoming increasingly valuable and sought after for purposes other than growing trees or grazing cattle. It is being marketed either for its own intrinsic environmental values or for its proximity to public lands. Unfortunately, the increase in monetary value and the inevitable development of this land threatens the all that which makes it attractive, including sustained wildlife, scenic and timber values. How Idaho reconciles the desire of private landowners to capture the value of their lands without destroying much of the underlying nature of that value will be a major issue as the state steps into the new century. The Forest Legacy Program will provide a useful tool for that effort.